



# Joint Review Policy Guidance

## Standard Operating Procedure (SOP)

November 21, 2012

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(updates in Red 7-March-2013)

### Conducting Joint Reviews

**Purpose:** To prescribe standard procedures for use by Army Organizations and their staff when conducting joint reviews. The expected outcome of a joint review is that all commitments, obligations, orders, earnings, disbursements, collections, accounts payable and accounts receivable are properly recorded, in an active status and the amounts reported are correct and in agreement with substantiating documents. Substantiating documents are available for audit requirement are in good order, and properly support transactions recorded in the accounting system.

**NOTE 1:** According to the DoDFMR Volume 3, chapter 8, section 080401, triannual reviews of commitments and obligations are to be conducted at least three times each fiscal year. Also, DFAS-IN Regulation 37-1, chapter 27, section 270801 states the review of commitments and obligations applies to all appropriations and funds of DoD appropriations. This requirement applies to direct appropriations, reimbursable transactions, and the **Department's revolving and trust funds**.

**Note 2:** Even though the requirement is to conduct reviews **four** times per year, Command staff should continuously monitor financial activity to ensure financial transactions are properly recorded and documented. According to DoDFMR volume 3, chapter 8, section 080404(E), all commitments and obligations shall be reviewed to substantiate the year-end certification requirements.

**NOTE 3:** Reviews will be conducted jointly with all stakeholders including; financial management personnel, accounting personnel, contracting personnel, human resources personnel, logistics personnel, and supporting DFAS personnel. Additionally, documentation of the review will be maintained (2 years) to support the execution of the review and provide an audit trail for any internal/external audits.

**NOTE 4:** Joint reviews are necessary and vital to ensure financial transactions are correctly recorded and documented. The objective is to ensure unliquidated obligations are valid and will require a future payment. All transactions must be correctly classified, recorded and supported by required documentation.



## **References:**

**DFAS-IN Regulation 37-1, Chapter 27, Para 2708**

<https://dfas4dod.dfas.mil/centers/dfasin/library/ar37-1/chap27.pdf>

**DoDFMR Volume 3, Chapter 8, Paragraph 0804**

[http://www.dtic.mil/comptroller/fmr/03/03\\_08.pdf](http://www.dtic.mil/comptroller/fmr/03/03_08.pdf)

## **1. RESPONSIBILITIES:**

- I. Managerial Accounting Office (MAO) Staff responsibilities include:**
  - a. Prepares the initial schedule of the joint reviews, in coordination with the fund holder as required by the DoDFMR Vol. 3, Chapter 8, and the Managerial Accounting Task Matrix. Joint reviews shall be conducted by Major Command MAO staff for Fund Centers/installations where no MAO personnel exist.
  - b. Ensuring joint reviews of commitments and obligations are conducted at least three times each fiscal year. In addition, MAO staff may initiate requests for special reviews as deemed appropriate.
  - c. Providing fund holders with listings or automated media identifying unliquidated obligations.
  - d. Providing fund holders with listing of corresponding documentation identified for review.
  - e. Reviewing accounting reports and preparing the joint review checklist and note conditions for discussion and/or verification during the joint review.
  - f. Assisting the fund holder in the identification and correction of situations that may delay the recording of obligations or the matching of disbursements to obligations.
  - g. As financial advisors, MAO staff reserves the right to request source documents supporting the criteria being reviewed during any of the joint review phases.
  - h. After reports are reviewed and highlighted, the joint review will be conducted at the activity in person, video-teleconference or telephonically. The listings will be the basis for making corrections. MAO staff and the Fund Holders will discuss the highlighted items on each report and agree on what action, if any is required. Normally, the course of action includes research or corrections to the accounting system.
  - i. Documentation of the review shall be maintained (2 years) to support the execution of the review and provide an audit trail for any internal/external examination.
  - j. Follow up with fund holders and assure actions identified from prior period reviews have been resolved.
  - k. Preparing an after action report (AAR) to the Resource Manager at the fund holder and ACOM/DRU/ASCC/HQDA Principle Staff level (RSW) within 14 days of the review. The AAR will include the POC names, review dates, and



corrective actions (count/dollars) identified in the review along with copy of checklist used as supporting documentation.

- I. ACOM/ASCC/DRU Resource Managers will submit confirmation statements to JRP Mailbox ([usarmy.pentagon.hqda-asa-fm.mbx.joint-recon-program@mail.mil](mailto:usarmy.pentagon.hqda-asa-fm.mbx.joint-recon-program@mail.mil)) after the completion of each phase of the joint review. The YE certification statement will substitute for the Phase III review.
- II. Fund Holder (Installation):
  - a. Ensuring joint reviews are conducted in accordance with DoDFMR Vol. 3, Chapter 8 and DFAS-IN Reg. 37-1.
  - b. Coordinate and finalize the joint review schedule with MAO personnel.
  - c. Establishing criteria for identifying financial activity outside the normal transaction cycle.
  - d. Co-sign (with MAO staff) and submit a confirmation statement to the ACOM/DRU/ASCC Resource Manager after completion of each phase of the joint review. YE certifications to DFAS will be accepted for the Phase III statements.
  - e. Ensuring Financial transactions are correctly reported and documented.
- III. MAO staff and the Fund Holder are both responsible for verifying that corrections and adjustments resulting from the joint review process are recorded in the accounting system by NLT tenth (10th) workday after review takes place.
- IV. Supporting functional organizations to include human resources, logistics, contracting and facility managers are responsible for providing and maintaining documentation supporting financial transactions (invoices, receiving reports, contracts requisitions, coders, etc.).

## 2. TRIANNUAL ACCELERATED TO QUARTERLY REQUIREMENT:

- I. The Secretary of the Army memorandum, "Risk Mitigation in the Face of Fiscal Uncertainty", dated January 16, 2013 required the acceleration of the JRP program. ODASA(FO) response is to increase the frequency of the reviews to increase the effectiveness of financial operations and ensures our obligations are accurate and complete. Below is a breakout of the reporting timeframes for each phase. **Your checklist and certifications statements will be due 20 days after the close of the below dates. Due to the accelerated rollout of this requirement the Phase II (Jan-March 2013) review shall be conducted internally within each command and their installation activities. Each organization shall document the review with a memorandum of record (MFR). Organizations are not required to submit checklist and certification statements for the Phase II. You will begin reporting confirmation statements and checklist during Phase III and beyond. Focus for the Phase II shall be on the key metrics identified during the Phase I March 13, 2013; Data consolidation initiative, IDocs and UMDs.**



- a. Phase I (October 1- December 31)
- b. Phase II (January 1- March 31)
- c. Phase III (April 1-June 30)
- d. Phase IV (July 1- September 30)

### 3. PROCEDURES:

#### I. Phase I: Canceling Appropriations (5<sup>TH</sup> Year) & Revolving Fund

Canceling year unliquidated obligation (5th expired) balances. A proper review of canceling amounts will provide greater assurance that prior year requirements will not consume current year funding. These balances must be reviewed extensively during phase I of the joint review. **SPECIAL NOTE: AWCF does not have expiring year appropriations; however a review of AWCF ULOs will provide the necessary assurance that reported obligations are accurately stated.** Phase I actions include:

- a. Review canceling unliquidated amounts by fund.
- b. **For AWCF, review ULOs greater than 6 years.**
- c. Utilize random sampling and dollar threshold logic when reviewing a substantially large number of transactions.
- d. A full review will be done on all 5th year expired supply related ULOs (object class 26). Coordinate review with logistics and requiring activity personnel.
- e. Communicate and involve the acquisition office in the review, reconciliation, and closure of canceling year amounts for contracts. A contracting officer representative shall provide written confirmation of any contractor work-in-progress and undelivered orders to validate remaining ULO balances.
- f. For unliquidated balances less than \$1,000 follow deobligation guidance outlined in DoDFMR, Volume 3, Chapter 8, paragraph 080401a.
- g. ODASA(FO) will review results and follow up with fund holders reporting ULO balances other than object class 25.

#### II. Phase II: Canceling Appropriations & 4th Year Expired Appropriation & Revolving Fund

**Commands should finish reviewing 5<sup>th</sup> year expired transactions left open from Phase I** and start reviewing Fourth year unliquidated obligation (4th expired) balances. A proper review provides assurance that unliquidated obligations are valid. Commands must thoroughly review these balances during phase II of the joint review. **SPECIAL NOTE: AWCF does not have expiring year appropriations; however a review of AWCF ULOs will provide the necessary assurance that reported obligations are accurately stated.** Phase II actions include:



- a. Finish reviewing fifth year expired unliquidated amounts by fund
- b. Begin reviewing fourth year expired unliquidated amounts by fund.
- c. For AWCF, review ULOs that are between 3-6 years of age.
- d. Utilize random sampling and dollar threshold logic when reviewing substantially large numbers of transactions.
- e. A full review will be done on all 4<sup>th</sup> year expired supply related ULOs (object class 26 ) – coordinate review with contracting and requiring activities.
- f. Communicate and involve the contracting office in the review, reconciliation, and closure of 4<sup>th</sup> expired amounts. A contracting officer representative shall provide written confirmation of any contractor work-in-progress and undelivered orders to validate ULO balances remaining.
- g. For unliquidated balances less than \$1,000 follow deobligation guidance outlined in DoDFMR, Volume 3, Chapter 8, paragraph 080401a.
- h. ODASA(FO) will review results and follow up with fund holders reporting ULO balances other than object class 25, 26, and 31.

### III. Phase III: 3<sup>rd</sup>, 2<sup>nd</sup> & 1<sup>st</sup> year expired and Revolving fund

Begin reviewing 3<sup>rd</sup>, 2<sup>nd</sup> and 1<sup>st</sup> expired year funds. **SPECIAL NOTE: A review of AWCF current year ULOs will provide assurance that reported obligations are accurately stated.**

- a. Review ULOs without expenses and/or disbursement activity in the last 120 days.
- b. For AWCF, review ULOs between 0-3 years of age)
- c. Utilize random sampling and dollar threshold logic when reviewing substantially large numbers of transactions.
- d. Review Interagency Agreements (MIPRS to non-DoD organizations)
- e. Review Project Orders
- f. Review Travel related ULOs
- g. Ensure all unliquidated obligations are valid and supported with appropriate disconnection.

### IV. Phase IV: Review Current Year and Revolving Funds

Current year balances will be the primary focus of phase IV. Focus should be on open commitment and ULO balances without expenses greater than 120 days.

**SPECIAL NOTE: A review of AWCF current year ULOs will provide assurance that reported obligations are accurately stated.**

- h. Review ULOs without expenses and/or disbursement activity in the last 120 days.
- i. For AWCF, review current year ULOs
- j. Utilize random sampling and dollar threshold logic when reviewing substantially large numbers of transactions.



- k. Review Interagency Agreements (MIPRS to non-DoD organizations)
- l. Review Project Orders
- m. Review Travel related ULOs
- n. Ensure all unliquidated obligations are valid and supported with appropriate disconnection.

#### V. Problem Disbursements (PDs)

All PD's shall be examined and resolved in a timely manner. PD's include unmatched disbursements (UMDs) negative unliquidated obligations (NULOs) and in-transits, fund holders shall review error listings daily to identify problem disbursements. Errors must be researched jointly with DFAS, contracting, logistics, human resources, and other personnel to ensure a complete understanding of the problem and required corrective actions. Helpdesk procedures should be followed where local personnel are unable to resolve the problem causing the problem disbursement.

- a. DFAS is responsible for ensuring all disbursement processed contain the appropriate codes and data elements required to match the corresponding obligation for TFO payments. Army financial managers are responsible for ensuring sufficient funds are obligated to support the disbursement.

#### VI. Travel Advances in Expired Years

Travel advances are authorized under certain conditions where the traveler does not have a government charge card. Advances exceeding actual entitlement are considered delinquent if not collected within the 30 days of travel completion.

- a. Activities shall examine travel advances and perform routine audits to ensure compliance with travel policy.
- b. Sample travel and contractor advances to ensure timely reduction of obligations when travel is complete or progress with contracts warrant reduction.
- c. Currently, GFEBS reports are not available to track this metric from a reporting standpoint, but activities can examine the ULO report referenced below (section IX) for any CBA activity.
- d. User can utilize the "Approved Status" report in DTS to identify open and outstanding advances in DTS
- e. User can utilize IATS report to identify advances reported outside DTS.

#### VII. Accounts Receivable (AR)/Reimbursable Activity

Receivables arise from claims to cash or other assets against another entity. At the time revenue is recognized and payment has not been received in advance, a receivable must be established. Receivables include, but are not limited to, monies due for the sale of



goods and services and monies due for indebtedness. Examples of indebtedness to the Department of Defense (DoD) include overdue travel advances, Federal Employee Health Benefits paid while employee is in a leave without pay status, dishonored checks, fines, penalties, interest, overpayments, fees, rent, claims, damages, and any other event resulting in a determination that a debt is owed to the DoD.

- a. Commands shall review automatic and funded reimbursement programs and examine all expired year funded accounts receivable balances to determine validity.
- b. Commands are review all advances to ensure proper reporting and collections

#### VIII. Status of Funds (SOF) to Trial Balance (TB) Reconciliation

A SOF to TB reconciliation shall be conducted quarterly. All ACOMs, ASCCs, and DRUs using GFEBS shall perform a reconciliation for accounts related to the Obligations, Expenses, and Disbursements, on a quarterly basis. At year end, commands will certify their GFEBS Cumulative Status of Funds and Trial Balance for the accounts related to the Obligations, Expenses and Disbursements (O/E/D), using this process. **Many organizations are unable to run this report due to imbalances or lack of training. In addition, many of the imbalances identified are systemic driven and not caused by users (travel advances ). ODASA(FO) , FIM and O&S will discuss these issues and derive the best possible solution going forward. This requirement is suspended until further notice (retroactive from 4-March-2013).**

#### IX. Intermediate Document (IDoc) Errors

IDocs are interfacing business transactions from external business systems (DTS, FCM, SPS, etc) into GFEBS. Providing timely, accurate, and reliable information contributes to the quality of financial information. To accomplish this, obligations must be recorded properly and timely in the financial systems. IDoc resolution assists with clearing of unmatched disbursements.

- a. Commands shall work diligently in clearing IDocs.
- b. Per DoD FMR vol 3 ch.8 section 080301 A. Missing obligations will be corrected within 10 days (Ten-day rule)

#### X. Unliquidated Obligation (ULO) Reports (Current & Expired Year ULO)

Examining commitments and obligations are critical to successful join reviews. The reviews reduce aged and dormant transactions and ensure more accurate monthly/yearly reporting.





- a. Unliquidated Obligations (Current ULO): Examine current year funds with large dollar amounts during the phase IV review.
- b. Unliquidated Obligations (Expired ULO): Examine prior year funds for validity during phase I, II and III of reviews.
- c. Miscellaneous Obligation Docs (MODS): MODs are used a temporary mechanism to ensure known obligations are properly established in the accounting system and may include situations where the actual dollar amount may not be known, MODs must be reversed timely and supported by actual obligating documents and. DoDFMR requires supporting documentation for each “instance” (do not create one mod for multiple instances) of a MOD and must be signed by the Resource Manager. All MODs must be reviewed and deobligated within 90 days.
- d. Travel Advances: Determine if CBA/IBA policy is being followed. Random sampling should be used.
- e. Outbound MIPRS: MIPRS should be examined to determine if the full amount has been executed on a contract. Further investigation will be done for obligated amounts without disbursements. A review will be conducted on GFEBS outbound MIPRS and direct charge (WBS) execution for proper documentation.

## XI. Open Commitments

Open Commitments are the reservations of funds on a purchase requisition awaiting the proper documentation to obligate. Monitoring open commitments may help identify potential issues with a purchase requisition or an obligating document and require manual intervention. Reducing aged commitments during each fiscal year will minimize year end execution impact. As part of the year end close process all open commitments will be reduced to zero by period 16.

- a. Open commitments (current appropriations) greater than 60 days will be examined to determine validity.
- b. Organizations will review open commitments > 60 days throughout the FY to ensure validity. At midnight on September 30 of each fiscal year, GFEBS (systemically) will reduce all open commitments to zero.

## XII. Prompt Payment Act (PPA) interest/Unpaid invoices

Examining PPA interest payments provide organizations visibility of unnecessary expenses and provides greater assurance that your of accuracy in your resource management related reports.

- a. Ensure receiving reports are processed and submitted timely to reduce late payments.





- b. Commands shall examine PPA interest buckets to assure funding is available to pay late invoices and applicable derivation rules are established.
- c. DFAS/Commands shall examine late payment of invoices to identify causes and report areas of concern.
- d. To avoid prompt pay interest, activities must ensure timely goods receipt processing.

### XIII. Contingent Liabilities

All organizations shall identify potential liabilities that may consume expired or current year funds.

- a. Canceling amounts in audit (DCMA, DCAA etc)
- b. “No Fear” Act cases
- c. Contract Dispute Act (CDA) cases
- d. Judgment Fund cases

### XIV. JRP Open Item Recap

- a. A recap will be done after each joint review to discuss action items identified from previous reviews. The action items shall highlight identified problems, drivers and personnel working to resolve the action.

### XV. Project Orders

- a. Activities shall examine Project Orders and perform routine audits to ensure compliance with DoD Financial Management Regulation (FMR).
- b. All open cost reimbursable Project Orders shall be reviewed to ensure that costs incurred do not exceed authorized funds (see paragraph 020703 in Volume 11a Chapter 2 of the DoD FMR).
- c. Review all open Project Orders older than 24 months to determine whether they can be closed.
  - i. For cost reimbursable orders, determine whether funding needs to be returned to the customer or additional funding is required to complete.
  - ii. For fixed price orders with work completed, follow proper procedures for closing the order.
- d. Before the end of each fiscal year, review funding on all project orders.
  - i. For cost reimbursable orders, if all funding is not required, return to customer. If additional funding is required, request from customer.
  - ii. For fixed price orders, if work is complete, close the order so that all revenue is earned and no unfilled amount remains.

## 4. METRICS:



ODASA(FO) will publish and distribute the Army JRP goals and metrics during the first quarter of each fiscal year. **Sensitive Activities (SA), Military Pay, and Foreign Military Sales (FMS) organizations have an exception to using GFEBS and are not required to complete checklist related metrics as of March 27, 2013.**

## 5. ACCOUNTING RECORDS:

Commands will ensure through all phases of the joint reviews (Phases I, II, III, and IV) the following is accomplished;

- a. Full verification and validation that dollar amounts of all ULO and unfilled orders are recorded in the accounting system correctly and supporting documentation is available.
- b. Complete verification of the continuing bona-fide need of undelivered goods and services.
- c. Verification of billing status to ensure payment complies with contract requirements (both frequency and amount).
- d. Identification and cancelation of nonessential goods and services, and subsequent deobligation of associated ULOs.
- e. Initiation of actions to implement quick close-out or interim payment procedures for contracts funded by 5th year expired appropriations scheduled to cancel at end of FY.
- f. Validation of individual documents comprising the subsidiary records at least once during the fiscal year. Maintain documentation supporting the review in a manner that facilitates subsequent audit and reconciliation.
- g. Properly document all adjustments.
- h. Maintain a strong document retention policy/process (covering 2 years) that provides adequate assurance that independent parties can review and verify.
- i. Complete the JRP Checklist, AAR, and confirmation statement within 20 days of the Phase ending date and submit to: [usarmy.pentagon.hqda-asafm.mbx.joint-recon-program@mail.mil](mailto:usarmy.pentagon.hqda-asafm.mbx.joint-recon-program@mail.mil).